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December 22, 2016

David Albright
Manager, Drinking Water Protection Section
U.S. Environmental Protection Agency
Region IX
75 Hawthorne Street
San Francisco, California 94105

RE: Class III Underground Injection Control Permit Application
Excelsior Mining Arizona, Inc.

Mr. Albright:

Excelsior Mining Arizona thanks you for making the time to meet with us on Monday December 12, 2016 (the "December 2016 Meeting"). During our meeting we scheduled a follow up technical review meeting for January 24, 2017 at 9:00 PDT. We will provide logistical details for that meeting soon.

In advance of the January meeting, Excelsior committed to providing to EPA Excelsior's responses to EPA's technical comments to the Gunnison Copper Project UIC Permit (the "Gunnison UIC") Application. Those responses were received by EPA on December 15, 2016. EPA committed to providing Excelsior a Request for Information regarding the "Other Federal Considerations" (the "OFC Request"). This will allow us to discuss not only the path forward on the technical aspects of the UIC application but also any additional Federal processes EPA believes must be addressed.

However, after the December 2016 Meeting, we reviewed the EPA UIC application and confirmed that the application does not request "Other Federal Consideration" documentation. In a March 4, 2016 letter, EPA stated: "[t]o expedite our consideration of these laws (WSRA, NHPA, ESA, CZMA and FWCA), we request that you DESCRIBE how you will satisfy applicable requirements under those Federal Laws." On March 11, 2016, Excelsior provided the requested description. Thereafter, without further request for information, EPA issued an administrative completeness determination. Since then, EPA has not formally requested additional information on Other Federal Considerations. Therefore, Excelsior concluded that EPA had concurred with our March 11, 2016 submittal.

In the December 2016 Meeting, EPA inferred that more information is required to determine whether consultation on other federal statutes is required to issue the Gunnison UIC. If more information is required, please provide the following for each applicable statute (WSRA, NHPA, ESA, CZMA, CWA and FWCA):

- the reason Excelsior's March 11, 2016 submittal was insufficient,
- the specific information EPA requires,
- the process by which EPA will make a determination of further inquiry,
- the entities to be consulted,
- the timeline for each consultation, and
- authorization to Excelsior to complete each consultation process if deemed necessary.

EPA also inferred that it would wait until the public comment period to begin these processes. Excelsior cannot emphasize strongly enough that waiting until the public comment period to begin any required consultations is not in keeping with timely permitting, which is the goal of all involved in the Gunnison Project.

Specifically, as to NHPA, EPA, through Ms. Nancy Rumrill, has twice indicated that tribal consultation will be required. On November 22, 2016 in response to Ms. Rumrill's first comment, Excelsior provided to EPA cultural resources reports which conclude that no tribal resources exist within the permit area. Despite having this information before her, Ms. Rumrill again commented that tribal consultation is necessary during the December 2016 Meeting. EPA has provided no basis on which tribal consultation must occur. It is concerning that this determination may have been made without any technical justification and in contradiction to the information supplied. If there is something Excelsior is un-aware of, or EPA has evidence to support the need for tribal consultation, then please provide such information to Excelsior.

In addition, Ms. Rumrill has mentioned twice that she has received correspondence from a Dragoon, Arizona, resident or residents, expressing concerns about the Gunnison Copper Project. Having mentioned this twice, it would appear EPA is concerned about this correspondence. EPA has not provided to, nor discussed with, Excelsior, the nature of these concerns, thereby not affording Excelsior the ability to respond or due process regarding its application. If EPA is truly concerned, then we would expect EPA to provide Excelsior a timely opportunity to respond, thereby preventing unnecessary confusion, un-sound, or technically unsupported decision-making. In addition, should EPA be concerned about community opinion on the Project, Excelsior would be happy to provide supporting letters from a multitude of interested parties and stakeholders. Please let us know in what form and to whom EPA would like such comments presented.

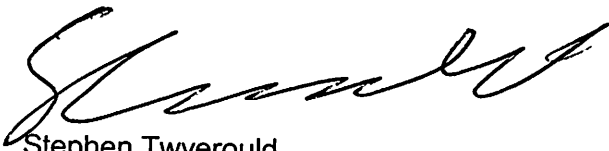
EPA has recently mentioned "multiple rounds" of comments. At seven month intervals, such "rounds" of comments will intolerably delay the project and do not constitute an efficient process. Without an efficient and predictable process and timeline, Excelsior cannot make commitments, nor can it answer the ever-present question from elected officials and their constituents: "When will the jobs come?" An alternative approach preferred by both Excelsior and the ADEQ is to meet regularly. Such regular meetings enable the agencies, technical consultants, and Excelsior, to discuss concerns, answer questions, and make requests for additional information more efficiently and frequently. They allow an immediate Q&A process and the "drilling-down" on relevant issues more quickly and completely, thus developing a greater technical and practical understanding of the Project and applicable permits.

Excelsior, the community and the involved elected officials are keen to have the Gunnison Project under construction as expeditiously as possible. To that end, Excelsior requests regularly scheduled meetings to include EPA, ADEQ and appropriate technical consultants, thus ensuring a timely process and coordination of permits between the relevant agencies.

One additional topic covered in our December 2016 Meeting was the bonding for closure costs. Excelsior has provided closure costs to EPA, but has received no comments regarding these closure costs. EPA, ADEQ and Excelsior recognize that duplicative bonding is not necessary. We appreciate that the parties have agreed to work together closely to align the two permit schedules, allowing for project staging and bonding, and to work cooperatively to set out the logistics to ensure that each permit is properly and realistically bonded.

We look forward to having EPA's OFC Request in hand soon. We appreciate your time and commitment to work together in an effective, efficient and timely permitting process.

Sincerely,



Stephen Twyerould
Excelsior President and CEO
Excelsior Mining Arizona, Inc.

Cc: Michael Montgomery, USEPA
Trevor Baggione, ADEQ
Shay Saucedo, Office of Senator John McCain
Julie Kastel, Office of Senator Jeff Flake
Carla Consoli, Lewis Roca